

**101ST GENERAL ASSEMBLY****State of Illinois****2019 and 2020****SB3687**

Introduced 2/14/2020, by Sen. Donald P. DeWitte

SYNOPSIS AS INTRODUCED:

See Index

Amends the Downstate Police Article of the Illinois Pension Code. Provides that an eligible police officer may elect to receive a retirement pension from each pension fund under the Article in which the police officer has at least one year of service credit, but has not received a refund, by applying in writing and paying a specified contribution. Provides that from each such pension fund other than the last pension fund, in lieu of any retirement pension otherwise payable, an eligible police officer may elect to receive a monthly pension of 1/12th of 2.5% of his or her final monthly salary under that fund for each month of service in that fund, subject to a maximum of 75% of that final monthly salary. Provides that the retirement pension from the last pension fund shall be the retirement pension that would be payable to the police officer if he or she had participated in that last pension fund for his or her entire period of service under all pension funds, minus the amounts of the retirement pensions payable to the police officer by all other pension funds. Provides that a police officer must pay to each pension fund from which he or she has elected to receive a pension a contribution equal to 1% of monthly salary for each month of service credit that the police officer has in that fund (other than service credit for which the police officer has already paid a specified additional contribution), together with interest thereon at the rate of 6% per annum, compounded annually. Contains provisions concerning eligibility for the benefit; contributions; refunds; reinstatement of terminated credits; automatic annual increases; and occupational disease disability pensions. Makes conforming and other changes. Amends the State Mandates Act to require implementation without reimbursement.

LRB101 15657 RPS 65006 b

FISCAL NOTE ACT
MAY APPLYPENSION IMPACT
NOTE ACT MAY
APPLYSTATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT**A BILL FOR**

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by adding
5 Section 3-111.2 and changing Sections 3-125.1 and 3-144.6 as
6 follows:

7 (40 ILCS 5/3-111.2 new)

8 Sec. 3-111.2. Employee creditable service.

9 (a) As used in this Section:

10 "Final monthly salary" means the monthly salary attached to
11 the rank held by the police officer at the time of his or her
12 last withdrawal from service under a particular pension fund.

13 "Last pension fund" means the pension fund in which the
14 police officer was participating at the time of his or her last
15 withdrawal from service.

16 (b) The benefits provided under this Section are available
17 only to a police officer who:

18 (1) is a police officer at the time of withdrawal from
19 the last pension fund and for at least the final 3 years of
20 employment prior to that withdrawal;

21 (2) has established service credit with at least one
22 pension fund established under this Article other than the
23 last pension fund;

1 (3) has a total of at least 20 years of service under
2 the various pension funds established under this Article
3 and has attained age 50; and

4 (4) is in service on or after the effective date of
5 this amendatory Act of the 101st General Assembly.

6 (c) A police officer who is eligible for benefits under
7 this Section may elect to receive a retirement pension from
8 each pension fund under this Article in which the police
9 officer has at least one year of service credit, but has not
10 received a refund under Section 3-124 (unless the police
11 officer repays that refund under subsection (g)) or subsection
12 (b) of Section 3-125.1, by applying in writing and paying the
13 contribution required under subsection (i).

14 (d) From each such pension fund other than the last pension
15 fund, in lieu of any retirement pension otherwise payable under
16 this Article, a police officer to whom this Section applies may
17 elect to receive a monthly pension of 1/12th of 2.5% of his or
18 her final monthly salary under that fund for each month of
19 service in that fund, subject to a maximum of 75% of that final
20 monthly salary.

21 (e) From the last pension fund, in lieu of any retirement
22 pension otherwise payable under this Article, a police officer
23 to whom this Section applies may elect to receive a monthly
24 pension calculated as follows:

25 The last pension fund shall calculate the retirement
26 pension that would be payable to the police officer under

1 Section 3-111 as if he or she had participated in that last
2 pension fund during his or her entire period of service under
3 all pension funds established under this Article (excluding any
4 period of service for which the police officer has received a
5 refund under Section 3-124, unless the police officer repays
6 that refund under subsection (g), or for which the police
7 officer has received a refund under subsection (b) of Section
8 3-125.1). From this hypothetical pension there shall be
9 subtracted the original amounts of the retirement pensions
10 payable to the police officer by all other pension funds under
11 subsection (d). The remainder is the retirement pension payable
12 to the police officer by the last pension fund under this
13 subsection (e).

14 (f) Pensions elected under this Section shall be subject to
15 increases as provided in Section 3-111.1.

16 (g) A current police officer may reinstate creditable
17 service in a pension fund established under this Article that
18 was terminated upon receipt of a refund, by payment to that
19 pension fund of the amount of the refund together with interest
20 thereon at the rate of 6% per year, compounded annually, from
21 the date of the refund to the date of payment. A repayment of a
22 refund under this Section may be made in equal installments
23 over a period of up to 10 years, but must be paid in full prior
24 to retirement.

25 (h) As a condition of being eligible for the benefits
26 provided in this Section, a person who is hired to a position

1 as a police officer on or after July 1, 2021 must, within 21
2 months after being hired, notify the new employer, all of his
3 or her previous employers under this Article, and the Public
4 Pension Division of the Department of Insurance of his or her
5 intent to receive the benefits provided under this Section.

6 (i) In order to receive a pension under this Section or an
7 occupational disease disability pension for which he or she
8 becomes eligible due to the application of subsection (m) of
9 this Section, a police officer must pay to each pension fund
10 from which he or she has elected to receive a pension under
11 this Section a contribution equal to 1% of monthly salary for
12 each month of service credit that the police officer has in
13 that fund (other than service credit for which the police
14 officer has already paid the additional contribution required
15 under subsection (b) of Section 3-125.1), together with
16 interest thereon at the rate of 6% per annum, compounded
17 annually, from the police officer's first day of employment
18 with that fund or the first day of the fiscal year of that fund
19 that immediately precedes the police officer's first day of
20 employment with that fund, whichever is earlier.

21 (j) A retired police officer who is receiving pension
22 payments under Section 3-111 may reenter active service under
23 this Article. Subject to the provisions of Section 3-124.1, the
24 police officer may receive credit for service performed after
25 the reentry if the police officer (1) applies to receive credit
26 for that service, (2) suspends his or her pensions under this

1 Section, and (3) makes the contributions required under
2 subsection (i).

3 (k) A police officer who is newly hired or promoted to a
4 position as a police officer shall not be denied participation
5 in a fund under this Article based on his or her age.

6 (l) If a police officer who elects to make contributions
7 under subsection (b) of Section 3-125.1 for the pension
8 benefits provided under this Section becomes entitled to a
9 disability pension under Section 3-114.1, the last pension fund
10 is responsible for paying that disability pension and the
11 amount of that disability pension shall be based only on the
12 police officer's service with the last pension fund.

13 (m) Notwithstanding any provision in Section 3-114.6 to the
14 contrary, if a police officer who elects to make contributions
15 under subsection (b) of Section 3-125.1 for the pension
16 benefits provided under this Section becomes entitled to an
17 occupational disease disability pension under Section 3-114.6,
18 each pension fund to which the police officer has made
19 contributions under subsection (b) of Section 3-125.1 must pay
20 a portion of that occupational disease disability pension equal
21 to the proportion that the police officer's service credit with
22 that pension fund for which the contributions under subsection
23 (b) of Section 3-125.1 have been made bears to the police
24 officer's total service credit with all of the pension funds
25 for which the contributions under subsection (b) of Section
26 3-125.1 have been made. A police officer who has made

1 contributions under subsection (b) of Section 3-125.1 for at
2 least 5 years of creditable service shall be deemed to have met
3 the 5-year creditable service requirement under Section
4 3-114.6, regardless of whether the police officer has 5 years
5 of creditable service with the last pension fund.

6 (n) If a police officer who elects to make contributions
7 under subsection (b) of Section 3-125.1 for the pension
8 benefits provided under this Section becomes entitled to a
9 disability pension under Section 3-114.2, the last pension fund
10 is responsible for paying that disability pension if the police
11 officer has at least 7 years of creditable service with the
12 last pension fund. If a police officer began employment with a
13 new employer as a result of an intergovernmental agreement that
14 resulted in the elimination of the previous employer's police
15 department, the police officer shall not be required to have 7
16 years of creditable service with the last pension fund to
17 qualify for a disability pension under Section 3-114.2. Under
18 this circumstance, a police officer shall be required to have 7
19 years of total combined creditable service time to qualify for
20 a disability pension under Section 3-114.2. The disability
21 pension received pursuant to this Section shall be paid by the
22 previous employer and new employer in proportion to the police
23 officer's years of service with each employer.

24 (40 ILCS 5/3-125.1) (from Ch. 108 1/2, par. 3-125.1)

25 Sec. 3-125.1. Contributions by police officers.

1 (a) Each police officer shall contribute to the pension
2 fund the following percentages of salary for the periods
3 stated: Beginning July 1, 1909 and prior to July 23, 1943, 1%
4 (except that prior to July 1, 1921 not more than one dollar per
5 month shall be deducted, and except that beginning July 1, 1921
6 and prior to July 1, 1927 not more than \$2 per month shall be
7 deducted); beginning July 23, 1943 and prior to July 20, 1949,
8 3%; beginning July 20, 1949 and prior to July 17, 1959, 5%;
9 beginning July 17, 1959 and prior to July 1, 1971, 7%;
10 beginning July 1, 1971 and prior to July 1, 1975, 7 1/2%;
11 beginning July 1, 1975 and prior to January 1, 1987, 8 1/2%;
12 beginning January 1, 1987 and prior to January 1, 2001, 9%; and
13 beginning January 1, 2001, 9.91%. Such sums shall be paid or
14 deducted monthly. Contribution to the self-managed plan shall
15 be no less than 10% of salary.

16 (b) Each police officer who elects to receive a pension
17 under Section 3-111.2 and who has participated in at least one
18 other pension fund under this Article for a period of at least
19 one year shall contribute an additional 1% of salary toward the
20 cost of the increase in pensions provided in Section 3-111.2.

21 If a police officer does not elect to receive a retirement
22 pension provided under Section 3-111.2 from one or more of the
23 pension funds in which the police officer has credit, he or she
24 shall, upon withdrawal from the last pension fund as defined in
25 Section 3-111.2, be entitled to receive, from each such fund to
26 which he or she has paid additional contributions under this

1 subsection (b) and from which he or she does not receive a
2 refund under Section 3-124, a refund of those contributions
3 without interest.

4 A refund of total contributions to a particular police
5 officer pension fund under Section 3-124 shall include any
6 refund of additional contributions paid to that fund under this
7 subsection (b), but a police officer who accepts a refund from
8 a pension fund under Section 3-124 is thereafter ineligible to
9 receive a pension provided under Section 3-111.2 from that
10 fund. A police officer who meets the eligibility requirements
11 of Section 3-111.2 may receive a pension under Section 3-111.2
12 from any pension fund from which the police officer has not
13 received a refund under Section 3-124 or under this subsection
14 (b).

15 (c) "Salary" means the annual salary, including longevity,
16 attached to the police officer's rank, as established by the
17 municipality's appropriation ordinance, including any
18 compensation for overtime which is included in the salary so
19 established, but excluding any "overtime pay", "holiday pay",
20 "bonus pay", "merit pay", or any other cash benefit not
21 included in the salary so established.

22 (Source: P.A. 91-939, eff. 2-1-01.)

23 (40 ILCS 5/3-144.6)

24 Sec. 3-144.6. Dissolution and reestablishment of inactive
25 police pension funds. The corporate authorities of a

1 municipality for which a pension fund has been established
2 under this Article may, by resolution or ordinance, dissolve
3 the fund if an independent auditor has certified to the
4 authorities that the fund has no liabilities, participants, or
5 beneficiaries entitled to benefits, and the authorities shall
6 reestablish the fund if a police officer of the municipality
7 seeks to establish service credit in the fund or if
8 reestablishment of the fund is required upon a former police
9 officer's reinstatement of creditable service under subsection
10 (b) of Section 3-110.7 or subsection (g) of Section 3-111.2 of
11 this Code.

12 The Public Pension Division of the Department of Insurance
13 shall adopt rules regarding the process and procedures for (i)
14 dissolving a pension fund under this Section and (ii)
15 redistributing assets and reestablishing the fund if
16 reestablishment of the fund is necessary.

17 (Source: P.A. 97-99, eff. 1-1-12.)

18 Section 90. The State Mandates Act is amended by adding
19 Section 8.44 as follows:

20 (30 ILCS 805/8.44 new)

21 Sec. 8.44. Exempt mandate. Notwithstanding Sections 6 and 8
22 of this Act, no reimbursement by the State is required for the
23 implementation of any mandate created by this amendatory Act of
24 the 101st General Assembly.

1

INDEX

2

Statutes amended in order of appearance

3

40 ILCS 5/3-111.2 new

4

40 ILCS 5/3-125.1

from Ch. 108 1/2, par. 3-125.1

5

40 ILCS 5/3-144.6

6

30 ILCS 805/8.44 new